

The effect of return migration driven social capital on SME internationalisation

Gittins, Tim; Lang, Richard; Sass, Magdolna

DOI:

[10.1007/s11846-014-0161-5](https://doi.org/10.1007/s11846-014-0161-5)

Document Version

Peer reviewed version

Citation for published version (Harvard):

Gittins, T, Lang, R & Sass, M 2015, 'The effect of return migration driven social capital on SME internationalisation: a comparative case study of IT sector entrepreneurs in Central and Eastern Europe', *Review of Managerial Science*, vol. 9, no. 2, pp. 385-409. <https://doi.org/10.1007/s11846-014-0161-5>

[Link to publication on Research at Birmingham portal](#)

General rights

Unless a licence is specified above, all rights (including copyright and moral rights) in this document are retained by the authors and/or the copyright holders. The express permission of the copyright holder must be obtained for any use of this material other than for purposes permitted by law.

- Users may freely distribute the URL that is used to identify this publication.
- Users may download and/or print one copy of the publication from the University of Birmingham research portal for the purpose of private study or non-commercial research.
- User may use extracts from the document in line with the concept of 'fair dealing' under the Copyright, Designs and Patents Act 1988 (?)
- Users may not further distribute the material nor use it for the purposes of commercial gain.

Where a licence is displayed above, please note the terms and conditions of the licence govern your use of this document.

When citing, please reference the published version.

Take down policy

While the University of Birmingham exercises care and attention in making items available there are rare occasions when an item has been uploaded in error or has been deemed to be commercially or otherwise sensitive.

If you believe that this is the case for this document, please contact UBIRA@lists.bham.ac.uk providing details and we will remove access to the work immediately and investigate.

Notice

This is the author's version of a co-authored work published in *Review of Managerial Science*.

Gittins, T., Lang, R., Sass, M. (2015). The effect of return migration driven social capital on SME internationalisation: a comparative case study of IT sector entrepreneurs in Central and Eastern Europe. *Review of Managerial Science*, 9(2): 385-409.

© 2015 Springer

Changes introduced as a result of copy-editing, formatting and other publishing processes may not be reflected in this document. For a definitive version of this work, please refer to the published source: <http://dx.doi.org/10.1007/s11846-014-0161-5>

The effect of return migration driven social capital on SME Internationalisation: a comparative case study of IT sector entrepreneurs in Central and Eastern Europe.

Tim Gittins, PhD candidate, University of Utrecht, Netherlands, Honorary Lecturer in Management Studies, University of Liverpool, tim.gittins@t-online.hu, Tel/Fax: 003612759036

Richard Lang, Assistant Professor, Dr., Recipient of an APART-fellowship of the Austrian Academy of Sciences at the Institute for Innovation Management (IFI), Johannes Kepler University Linz, Austria, richard.lang@jku.at, Tel: 0043 732 2468 4426

Magdolna Sass, Senior Research Fellow, Centre for Economic and Regional Studies, Hungarian Academy of Sciences, Budapest, Hungary, sass.magdolna@krtk.mta.hu, Tel: 0036 30 816 42 98, Fax: 00 3613193136

Abstract

Transition to a market-based economic structure in the post-Communist countries of the CEE (Central and Eastern Europe) region since the early 1990s has been accompanied by intense IT-driven technological change. Internationalisation opportunities have emerged for IT sector SMEs (Small and medium sized enterprises) based on the region's strong possession of technical skills. However, while enhanced SME internationalisation is desirable in policy terms, the current socio-economic transitional context of the region is not compatible with a highly competitive global business environment. While transition has facilitated outward migration, return migrants who acquire social capital abroad and establish businesses upon return home may positively influence entrepreneurship, organisational human capital and SME internationalisation in the CEE region.

This chain of phenomena remains relatively unresearched in a CEE context, hence this article presents an initial attempt to address it. A process-oriented qualitative case study approach is used to compare the experience of three IT sector entrepreneurs in Hungary who previously worked and studied abroad. Primarily, the acquisition of social capital from abroad is crucial for re-configuration of organisational human capital at home in order to drive 'born-global' SME internationalisation. This study therefore provides a basis for further empirical investigation of the overall transformative effect of individual return migrant entrepreneurs upon organisational human capital re-configuration and ensuing SME internationalisation. Additionally, policy suggestions are derived for development of international entrepreneur exchange programmes to enhance social capital development and human capital re-configuration in local innovative SME sectors.

Keywords

Return Migration, Social Capital, SME Internationalisation

JEL Codes

A10, A23, F02, F66, J6, R23, P23

1 Introduction

Central economic planning in the CEE region prior to 1989 resulted in distortion of entrepreneurial activity with state-based entities acting as ‘customers’ leading to distorted competitive practices (Laki 2011). This resembled ‘institutional embeddedness’ whereby entrepreneurs tended not to pursue market-related objectives, which still persists (Welter and Smallbone 2011). Increased integration of the region into the global economy thus provides a complex background for this study. This is addressed by examination of the effects of social capital acquired outside the region by individual return migrants upon local entrepreneurship, organisational human capital re-configuration and SME internationalisation. Furthermore the European Union regards enhanced inter-EU SME internationalisation as a major policy objective (European Commission 2013) providing a current policy focus for this study.

Accession of eight former Communist countries to the European Union (EU) in 2004¹, led to substantial migration to Western Europe (Felker 2011) where migrants might acquire more globally compatible social and human capital. While return migration has occurred, its effect on new business development in the CEE region is unclear. However it is assumed that return migrants may be better placed to start businesses than local counterparts having absorbed external knowledge, experience and skills crucial for globally focused entrepreneurship. Literature does not reveal extensive empirical research as to how this may be due to previous experience of CEE-based entrepreneurs living or working abroad, thus providing the research focus for this study.

Hungary is geographically, culturally and historically closely integrated with the CEE region and thus acts as a suitable country of research. It contains a notable SME sector largely borne of privatisation and has a strong entrepreneurial tradition, nurtured during the central planning era by adoption of relatively market-oriented economic policies (Major 2008; Sass 2012). Moreover, it possesses relatively high levels of technically-oriented human capital compared with other transitional countries (Földvári and van Leeuwen 2005). However, only 9 per cent of SMEs engage in exporting activities (Szerb and Márkus 2008) to suggest a limited degree of SME internationalisation. Substantial outmigration has occurred relatively recently (Hárs 2013) but there has been no notable research on return migrant entrepreneurship in Hungary. This provides a specific focus for induction based research whereby generalisations may be derived for the entire CEE region.

Return migrant entrepreneurship is thus encapsulated in a resourced based view (RBV) approach (Barney 1991), whereby SMEs may utilise non-tangible resources consisting primarily of social and human capital. Individual social capital of return migrant entrepreneurs is examined here in terms of its acquisition abroad and business foundation upon return home. Moreover social capital is taken to be innately developed and is not transferable between individuals (Andrews 2010). Human capital by contrast consists of the accumulation of experience, knowledge and skills by individuals and may be transferred to effect organisational human capital re-configuration (Ucbasaran, Westhead and Wright 2008).

Thus development of social capital abroad by return migrant entrepreneurs may influence organisational human capital re-configuration to subsequently enhance SME internationalisation. In this regard, Svetličič et al. (2007) suggest CEE SMEs possess low knowledge of international markets and deficient ‘soft’ managerial skills. The region however tends to possess relatively high human capital stocks measured on the basis of educational qualifications (Földvári and van Leeuwen 2005). Existence of a technically-based system of vocational education (Jeong et al. 2008) is also currently reflected in development of a nascent IT-oriented sector (European Commission 2013). This illustrates potential for development of globally competitive firms which might be nurtured by return migrant entrepreneurship.

The essential problem addressed in this study exists in a somewhat technically oriented workforce in the CEE region lacking globally focused and managerially-oriented human capital. Furthermore, methods of developing social capital are also incompatible with the highly competitive nature of the global economy. This article therefore aims to analyse the effect of pre-entrepreneurial experience on new businesses founded by return migrant entrepreneurs in Hungary to derive inferences for the CEE region. It proceeds by outlining the theoretical background by sequentially drawing upon contemporary research into return migrant entrepreneurship, social capital and entrepreneurship, organisational human capital re-configuration, and SME internationalisation, from which research questions are formed. There follows an explanation of the process-oriented qualitative based case study methodology. The subsequent analysis of data is used to derive comparison of common aspects and differences in terms of entrepreneurial approach and propositions for further quantitative research. These aspects are subsequently discussed to form a basis for further SME entrepreneurial policy development.

¹ Estonia, Latvia, Lithuania, Poland, Czech Republic, Slovakia, Hungary, Slovenia

2 Development of research basis

A review of extant literature of return migration, informal learning, human capital development, SME internationalisation in the CEE region, considered as a sequential chain of phenomena, revealed no substantive empirical attempts to discern links between them (Gittins and Fink 2015 forthcoming). In the context of rapidly accelerated IT-driven globalisation which has occurred simultaneously with economic transition of the region since the early 1990s, this chain is worthy of substantive empirical research if it is to contribute to academic and policy debate.

This section thus provides a research basis for initial qualitative investigation of these phenomena. It is organised by subsequent examination of theoretical and empirical evidence pertaining to each phenomena which are in turn more specifically contextualised to enable development of a research approach applied in Hungary.

2.1 Return migrant entrepreneurship

Persons who leave their own country to seek employment or to study for an extended period may eventually return home, primarily due to family or emotional ties (Dustmann and Weiss 2007). Migrants may nonetheless acquire social capital abroad through developing networks of contacts to attain alternate working perspectives as in the case of Indian IT workers in the United States (Prashantham and Dhanarjee 2010). By returning home, this aspect and the subsequent transfer of externally acquired human capital by individuals may be considered to present a 'brain gain' effect (Dustmann, Fadlon and Weiss 2001). As such, creation of new enterprises by return migrants may be initiated. Wahba and Zenou (2012) suggest that return migration positively influences entrepreneurship in Egypt, representing an initial attempt to discern an empirical link between these phenomena. However there have been no attempts to do so in a transitional CEE context.

Nevertheless, White and Ryan (2009) suggest adoption of entrepreneurial social capital development modes of Polish migrants in the UK is replicated upon return to Poland. Thus it may be inferred that such replication may act as a mechanism for new venture creation by return migrant entrepreneurs. Such persons may thus be able to re-configure local organisational human capital to a stronger degree than non-return migrant entrepreneurs. Harms, Kraus and Schwarz (2009) suggest re-configuration of SME intangible assets may enhance organisational business performance largely on the basis of influence by individual entrepreneurs. In a return migration context, it might thus be assumed that social capital accumulation abroad may influence this process if return migrants decide to initiate new businesses upon return home.

2.2 Social capital and entrepreneurship

Broadly, social capital construction encompasses development of individual and collective business relationships on an informal networking basis (Nahapiet and Ghoshal 1998). With human and financial capital, it is thus taken to act as a basis for entrepreneurship (Aldrich and Martinez 2001). Defining social capital in an organisational and entrepreneurship context is nonetheless complex given multiple applications of it in policy debates and academic discourse. However, structural, relational and cognitive approaches can be discerned (Nahapiet and Ghoshal 1998). For developing the research approach in this article, the structural dimension is partially drawn upon allowing for a clear distinction of vertical and horizontal forms of social network relationships. De Carolis and Saporito (2006) nonetheless suggest that entrepreneurial social capital is primarily cognitive with social capital ties between individuals developed on a personal basis.

Presence of horizontal ties assume that social resource exchange takes place on a relatively egalitarian basis. Furthermore, strong horizontal ties infer a closer relationship, to form *bonding* social capital in a 'start-up' entrepreneurial context (Jenssen and Koenig 2002). Weak ties alternately may form *bridging* social capital thus inferring less close relationships. The relevance of bonding and bridging social capital for entrepreneurship depends on its intended use at given stages of the start-up process. Thus, strong bonding ties are particularly useful in the initial founding stages for tacit knowledge acquisition (Lowik et al. 2012; Kreiser et al. 2013). In contrast, weak ties become more important as a business matures (De Carolis and Saporito 2006; Martinez and Aldrich 2011). Thus, a combination of bonding and bridging social capital types is considered as beneficial for entrepreneurial ventures to form an aspect of research for this study.

Vertical, or *linking*, social capital is distinct from horizontal forms in that it is defined as ties between entrepreneurs and influential actors in a business environment (Lang and Novy 2014). Thus resources are not mobilised from market interaction but based on interpersonal network relationships. This suggests a degree of congruency with insitutional embeddedness (Welter and Smallbone 2011) in that entrepreneurs in transitional CEE countries may need to build ties to actors in hierarchical positions to access critical resources. Furthermore, abundant linking social capital may result in local entrepreneurship being formed in a prism of weak bridging

based ties (Lowik et al. 2012). An overall lack of social capital in the CEE region (Paldam and Svendsen 2001) also infers strong existence of vertical linking relationships.

Manolova, Eunni and Gyoshev (2008) examined CEE entrepreneurship to suggest cognitive institutions exist whereby knowledge and skills may be used to start new businesses. It was deduced that regulatory institutions may have transformed sufficiently to support entrepreneurial development whereas cognitive institutions had not, inferring a lack of horizontal social capital usage. Hence it might be concluded that institutional environments are not overly favourable for start-up entrepreneurial development in innovative sectors in the CEE region.

Overall, it is assumed that return migrant entrepreneurship in the CEE region may combine use of both horizontal and vertical relationships in creating new businesses. Such entrepreneurs may thus be innately accustomed to linking social capital at home and have accumulated horizontal social capital abroad to precede organisational human capital re-configuration.

2.3 Human capital re-configuration

Ucbasaran, Westhead and Wright (2008) distinguished between general and specific human capital whereby the former category is more easily transferable. Thus entrepreneurs with extensive experience of working in different international situations may be able to construct organisational human capital in new ventures to a relatively higher level than entrepreneurs with limited international experience. In this regard, Shane and Venkatamaran (2000) demonstrated prior international knowledge and experience of entrepreneurs to have a positive impact on venture success. Moreover, Ruzzier et al. (2007) concluded that international *orientation* of entrepreneurs predicted local human capital development. Wright et al. (2007), also suggest individual entrepreneurs may accumulate higher levels of general human capital through previous international experience.

Such experience applied to return migrant entrepreneurs may thus be appropriately seen in a prism of human capital transfer by individuals to new ventures founded by them in home countries. Furthermore there is a large body of literature to suggest this occurs in a IT-facilitated context, reflecting the increasingly IT-focused orientation of the global economy (Chandra et al. 2009; Chetty and Agndal 2007; Evers 2011; Evers and O’Gorman 2011; Prashantham and Dhanaraj 2010; Vasilchenko and Morrish 2011).

While research on employment decisions of return migrants in the CEE region remains scant, it is assumed that creation of new businesses by such individuals may be borne of a disinclination to become employed locally, having acquired alternate forms of experience, skills and knowledge as human capital from abroad. This may be a major factor leading to business start-up decisions upon return home. A subsequent re-configuration process of organisational human capital in their new businesses may thus encompass the strengthening of ‘soft’ managerial skills which would enhance international business performance. Moreover, return migrant entrepreneurs may possess a relatively stronger degree of international orientation in that they may be more inclined to focus on international operations in their businesses. For instance, Camisón and Villar-López (2010) suggest that internationally exploitable intangible assets may strengthen international performance.

It thus follows that individual human capital transferred from abroad by founding return migrant entrepreneurs may be utilised to re-configure organisational human capital in their enterprises. In a CEE context, this process may be effected to enhance development of relatively deficient managerial human capital. In relation to the European Union’s policy objective of enhanced SME internationalisation such development would be desirable. Furthermore, Harms et al. (2009) suggest tangible and intangible assets might be re-configured to enter international markets thus forming the focus of the subsequent section.

2.4 SME internationalisation

SME Internationalisation theory was initially based on the ‘stage’ or ‘Uppsala’ model (Johanson and Vahlne, 1977) whereby the concept of ‘psychic distance’ induces firms to begin international operations in countries which are geographically and culturally proximate. The encroachment of IT-driven globalisation since then has led to the development of ‘born global’ theory whereby firms may rapidly internationalise upon inception (Oviatt and McDougall 1994; Cesinger et al. 2012). Evers (2011) suggests born global internationalisation is more likely to occur in IT-based sectors due to the presence of global niche markets. Baum et al. (2011), extended this debate through a German based empirical study of ‘global start-ups’ to suggest such enterprises are more likely to emerge with a greater extent of previous international experience of founding entrepreneurs. This infers congruity with Lasagni’s (2012) work on innovative SMEs in that such start-ups might be predominantly viewed as IT-oriented.

International business opportunity identification decisions may be influenced by the strength of organisational human capital in terms of adapting to foreign business environments. Moreover Ruzzier et al. (2007) infers that

strong human capital development is a major factor in international opportunity identification. Ciszewska et al. (2010) further suggest that international *knowledge* as distinct from orientation may predict SME internationalisation. International knowledge may thus be taken to infer a lesser degree of international experience than extensive residence abroad.

Broadly, there appears to be no established paradigm for encompassing various forms of previous entrepreneurial international experience in relation to SME internationalisation. However, it can be reasonably assumed that previous sojourns abroad by entrepreneurs constitute a deeper form of experience than international knowledge or orientation derived from occasional external contact. Extensive previous international experience may also partially determine entrepreneurial attitudes to psychic distance in terms of internationalisation decisions.

Overall, return migrant entrepreneurs may be able to more effectively leverage international competitive capabilities through re-configuration of organisational human capital on the basis of pre-entrepreneurial experience abroad. There is strong theoretical evidence to suggest such experience may impact upon SME internationalisation in their home countries. However there have been no notable empirical attempts to examine this chain of phenomena in the CEE region or indeed elsewhere. Assuming an internationally focused outlook of start-up firms founded by return migrant entrepreneurs, it then follows that re-configured human capital may lead to enhanced internationalisation.

2.5. Research questions

The preceding narrative forms a basis for the following research questions to provide a frame of reference for the subsequent empirical enquiry process:-

Research question 1 – To what extent might acquisition of social capital abroad by individual return migrants influence entrepreneurship in the CEE region?

Research question 2 – To what extent might transfer of human capital from abroad by individual return migrants influence entrepreneurship in the CEE region?

3 Methodology

Given that an emergent area of theory is being examined, a case study approach is applied as a mechanism for initial empirical investigation of phenomena in a real-life context (Yin 2009). Moreover, Eisenhardt (1989) suggests a case study approach is useful for new theory development as a means of gaining qualified knowledge in order to gain a greater understanding of previously unresearched phenomena. The research process followed here is therefore based on grounded theory principles (Glaser and Strauss 1967), whereby qualitative research takes place to enable inferential data to be compared from which research propositions may be derived for quantitative investigation. Coded categories have thus been formed to facilitate comparison of similarities and differences between cases in order to address the previous research questions.

The case method is also appropriate in that multiple cases are used as opposed to a single case to compare respondent perspectives in terms of longitudinal identification of similarities and differences which may influence subsequent findings (Eisenhardt 1989; Yin 2009). The methodology deployed also follows a narrative-based approach whereby researchers engage in conversations with interviewees so that text can be transcribed and subsequently coded into themes (McCormick 2004). This has an interpretive purpose in that narrative can be subsequently related to theory to derive inferences which both allow for reflection upon existing theory and insights as to how subsequent theory and practice may ensue. This is also consistent with principles of case triangulation (Yin 2009).

The experience of SME entrepreneurs who have lived and worked abroad is thus examined on a temporal basis in that their current entrepreneurial activities are seen as derived from previous time abroad. This assumes a 'process-oriented' approach in entrepreneurship research whereby the researcher retrospectively discerns the patterns of events over time (McMullen and Dimov 2013). Thus the pre-entrepreneurial period spent abroad is examined, followed by examination of the business start-up process in Hungary and subsequent entrepreneurial development. Given emphasis on social capital acquisition abroad, social network theory is also drawn upon to guide analysis of entrepreneurial processes (Slotte-Kock and Coviello 2009).

Hungary was selected as a geographical research unit primarily in that it is a medium-sized transitional economy (Laki 2011) to thus enable induction of wider generalisations to be applied to the CEE region as a whole. Furthermore, two members of the research team are based in Hungary, thus possessing intimate knowledge of

local networks whereby suitable respondents could be located. This task was executed by means of informal enquiry whereby 10 return migrant entrepreneurs were identified on the basis of criteria listed below:-

- Experience of living or working abroad for at least 2 years to allow sufficient time needed for inculcation of skills and knowledge (Dustmann 2011).
- The entrepreneurs should have founded an IT-focused SME in Hungary in the previous 5 years thus allowing for a focus on relatively new companies.
- With a view to focusing on born global SMEs, at least 25 per cent of revenue should have been derived from international sales in the first year of operations. This criterion is based upon maxims set by Oviatt and MacDougall (1994), and Knight and Cavusgil (1996).
- The business presently run by the return migrant entrepreneur should be majority Hungarian-owned and legally based in Hungary.
- Businesses should employ at least 10 personnel with a view to exclusion of micro sized SMEs defined by the EU as being of less than 10 employees (European Commission 2013).

The entire group of potentially suitable interviewees was contacted. Due to limited availability, several declined to participate and 3 members of the sample group finally agreed to be interviewed. Open ended questions were derived from respective conclusions of analysis of phenomena in the preceding section. Semi-structured interviews of between 1-1.5 hours duration took place in November 2013 and were conducted in English. The narratives were audio-recorded and manually transcribed from which subsequent follow-up enquiries were made by e-mail or Skype calls. The following narrative outlines descriptive data relating to each entrepreneur.

3.1 Entrepreneur profiles

All three firms currently run by the respective entrepreneurs had been established 7 years prior to interview and are operating profitably according to official company data publicly available in Hungary². All respondents were male and aged between 35-40. For identification purposes, the entrepreneurs are denoted A, B and C in the order in which they were interviewed.

3.1.1 Entrepreneur A

Aged 35, he underwent schooling in the USA and the UK for one year before returning to Hungary to graduate from high school. He initially studied law in Hungary before also doing so in France from 2000-02. In the last year of his time there he worked for a major US consulting organisation as a junior strategic consultant while continuing his studies. This position was acquired through a mutual Hungarian contact through which a selection interview was arranged.

Without completing studies in France, he returned to Hungary in 2002 due to an opportunity to work as a business developer for a mid-sized Hungarian biotechnology company. He held this position until 2006 and then worked as the head of a technology transfer unit for a Hungarian university at the same time as establishing a venture capital investment fund for IT start up firms in Hungary. From 2008-09 he was partly based in the USA and worked with a venture capital fund aimed at assisting IT oriented start-up companies from the CEE region to establish US-based operations. This was largely unsuccessful and from 2002-2011 he founded and ran a boutique consulting company focusing on IT start-up companies in Hungary, specifically aimed at developing partnerships between academia and industry.

He founded his present organisation in Hungary in 2007 but it did not commence formal operations until late 2009. This company specialises in providing specialist software products to the TV industry to monitor viewing habits, and software to corporate clients to monitor online retail purchasing patterns. The company has between 35-40 employees and 20 per cent of sales revenue was derived from foreign sales in the first year of operations. Nearly all revenue is derived from foreign sales with 40 per cent of sales emanating from Europe and a major proportion from North America.

3.1.2 Entrepreneur B

Aged 36, he also attended high school in the USA for three years before returning to Hungary at the age of 15 to complete schooling. He then studied business at university in Canada from 1996-2000 and also attended classes in Mathematics and History. This period also included one semester spent in Germany. He did not work in

² Közigazgatási és Igazságügyi Minisztérium (Hungarian Ministry of Economics and Justice) <http://e-beszamolo.kim.gov.hu>

Canada, having accumulated sufficient funds at home to cover living expenses there. Upon returning to Hungary in 2000 he briefly worked as a management trainee for an auditing company before leaving to found an IT start up company with some friends. This specialised in online recruitment for the Hungarian market and was sold in 2005 and is still operational. He then worked as a venture capital investor in Hungary from 2006-08 and between 2008-10 established two other IT start up companies in Hungary. All these ventures were focused on the Hungarian market with no international presence.

In 2010 he founded his present organisation in Hungary which operates in the social media software sector. The company is largely involved in provision of data mining services for corporate clients and focuses on effectiveness of their social media advertising. There are 42 employees and 90 per cent of sales are internationally derived. Initially there were no foreign sales and these only occurred one year after foundation. International operations take place entirely within Europe.

3.1.3 Entrepreneur C

Aged 40, he was born in Hungary and attended an English language school in Libya at the age of 11. He then graduated from high school in the USA when aged 17 and briefly returned to Hungary before going back to the US to study business and management information services at university. He returned to Hungary in 1993 and then worked as a management trainee for a local TV company for two years where he was also responsible for international relations with licensors for importing foreign TV programmes. In 1995, he co-founded a product placement agency for TV advertising, which he ran until 1998. He then joined an internet service provider firm and created a division focusing on online advertising which was relatively new at the time. He acted as CEO with this company until 2002 after it was sold in 2000. He then founded an online creative agency which he ran until 2010.

His latest venture in Hungary was founded in 2010, in which he relinquished activity in mid-2013 to focus on work with another IT start-up. The 2010 enterprise considered in the interview is involved in educational software development in partnership with a major US based hardware provider which accesses clients on a global basis. Software products are based on image recognition for teaching and learning purposes with educational institutions as clients. This partnership accounts for the majority of revenue. All revenue has been derived from international sales from inception with no domestic sales in Hungary. The company employs approximately 20 staff.

3.2 Cross-case analysis

In accordance with grounded theory principles, inferences were derived from transcripts of the three cases and organised upon the basis of open coding methodology. This precedes the formulation of propositions and concluding evaluation of similarities and differences between the cases. In relation to the aim of the study, the first two categories primarily relate to pre-entrepreneurial experience whereas the latter categories relate to subsequent return migrant entrepreneurship. Furthermore categories are designed to address the research questions. Thus categories 2 and 4 encompass social capital outlined in research question 1, while categories 1 and 3 encompass human capital outlined in research question 2. The coded categories are presented in the following order:-

1. Return migration and human capital development abroad
2. Social capital and entrepreneurship
3. Human capital re-configuration
4. SME internationalisation and social capital use

3.2.1 Return migration and human capital development

It is notable that all three entrepreneurs spent part of their initial schooling abroad, indicating roots of international orientation acquired from childhood. Furthermore, this took place towards the end of the centrally planned era when it was generally difficult for citizens of Eastern bloc countries to travel abroad, with official preference given to those of higher-skilled professions (Roberts et al. 2005).

All three also seem to have made a conscious decision to undertake higher education abroad due to perceived rigid learning modes in Hungary. B was driven by an *'attraction of English language programmes and a wider availability of courses than at home'* while A described the Hungarian higher education system as *'over focused on rote learning and the acquisition of lexical knowledge'* as a motivating factor to study in France. C also suggested that he acquired new IT skills with the early development of the internet from studying in the US which *'might have occurred at a slower rate than studying in Hungary'*. Such views would accord with a perspective that Eastern European management education features early specialisation continuing into the workplace unlike somewhat more general and liberal approaches typical of US higher education (McNulty and Katkov 1992).

It is also interesting that the prime common motivation to move abroad was to study and not to work thus inferring an intention to eventually return home and work. Nevertheless work was undertaken abroad by A and C. A cited work as a *'toughening process because as a foreigner in France, there is a need for persistence in the face of different working practices'*. Furthermore he may have inculcated skills such as the *'questioning of accepted ideas which is rarely the case in Hungary'*. Such formative experience may also have induced externally acquired entrepreneurial tendencies by C who described his work experience in the US as *'very influential for developing an entrepreneurial outlook'*. B also experienced inculcation of an alternate skill set in *'strong development of language skills and a sense of comfort with different business values and work ethics'*.

Human capital formation abroad occurred in all cases subject to individual differences in terms of general and specific skills. For instance, B appears to have acquired a more general skill set than C who studied IT in the US, which suggests both general and specific human capital accumulation (Ucbasaran et al. 2008) on a 'brain gain' basis abroad (Dustmann et al. 2011). On balance however, acquisition of 'soft' managerial skills suggests a predominant extent of general human capital accumulation.

The findings also reinforce a perspective that extensive periods of living abroad may result in more effective accumulation of internationally oriented human capital, particularly in the form of lingual and social skills. Thus such accumulation may have occurred to a greater extent than for locally based entrepreneurs who may have international business operations but without extensive experience of residing abroad.

Taken in common, the decision to return home seems to have been partially made on the basis of the attraction of new business opportunities in the CEE region offered by transition and early growth of the internet in the 1990s and early 2000s. Upon return it is also notable that B and C in particular became dissatisfied with direct employment which infers motivation to found their own businesses. Furthermore exposure to more liberally oriented learning processes through studying business related subjects abroad may have commonly enhanced entrepreneurial development to a greater degree than had all three remained at home.

Furthermore, Csédő (2008), conducted a qualitative-based study of negotiating skills by Hungarian and Romanian workers in London and suggested that those with higher education levels were more likely to develop human capital than those without. Thus ongoing formal education abroad may have similarly contributed to individual human capital development of the three entrepreneurs which has been subsequently utilised in their enterprises in Hungary.

In a CEE transitional context, it is also interesting to note the common strong influence of direct exposure to alternate modes of human capital accumulation, which arguably may also be evident in entrepreneurs who have not previously resided in other countries. For example, use of IT-based technology may partially enable development of entrepreneurial capabilities (Reuber and Fischer 2011), without founding entrepreneurs necessarily having left the country. Nevertheless return migrant entrepreneurs may be at an advantage in terms of possession of globally compatible skills and knowledge in comparison with local compatriots without their form of international experience leading to the first proposition:-

Proposition 1 (P1) – Prolonged periods spent working or studying abroad by founding entrepreneurs result in the accumulation of experience, skills, knowledge crucial for entrepreneurship development not readily available in the CEE region.

3.2.2 Social capital and entrepreneurship

Of prime interest in this context is the relatively common strong extent to which alternate networking patterns have been acquired abroad which have subsequently acted as a major influence of the business start-up decision upon return home.

A common strong degree of horizontal bridging and bonding social capital ties were attained abroad and after return home to drive organisational human capital re-configuration in their Hungarian-based enterprises. However while entrepreneurship in Hungary may exhibit features of linking oriented vertical social capital there is some congruency with business cultures of the host countries of the three entrepreneurs. For instance, A suggested that French and Hungarian business approaches both *'feature cynicism but French business culture is more effective to enable entrepreneurs to identify business opportunities and exploit them'*.

This is consistent with a strong perception of hierarchy and rationalism in French management practices (Paucar-Caceres 2009) which may infer a degree of vertical linking social capital. A also cited the initial start-up decision in Hungary as being largely influenced by 'cynicism' developed in France *'because without cynicism doubt would not exist'*. This would infer a strong extent of vertical linking social capital common to Hungary and France.

However its complexion may differ in both countries due to the existence of differing socio-economic systems in the latter 20th century.

In all cases, the entrepreneurs established a business in Hungary within two years of return, thus suggesting a common intrinsic intention to do so. In this regard, B regarded his initial start up decision as being influenced by *'open challenging of business ideas which would not happen in universities at home.'* Furthermore B's initial start-up experience came after he sought corporate graduate work but was not successful and considered moving abroad. He soon became dissatisfied with corporate employment and co-founded his first venture with two friends in Hungary. Thus social capital seems to have been utilised in a bonding context. This may have influenced the start-up decision as being *'due to necessity'* and as borne of a *'sense of ambition influenced by pragmatism not present in Hungary'*. He also cites the accumulation of several acquaintances in Canada to indicate a degree of inculcation of bridging social capital. Thus his particular start-up process may have been influenced by a mixed degree of bonding and bridging social capital.

This experience seems to have been shared by C who was attracted by new IT-related business opportunities in the CEE region. He also worked for a larger employer briefly upon return to Hungary but perceived an opportunity to start a business partly on the basis of knowledge and contacts through his then employing organisation, again inferring a degree of bonding social capital utilisation. However he declined this opportunity and moreover exhibited an aversion to the presence of linking social capital circles in Hungary by suggesting a general tendency to *'furtiveness and secrecy when discussing and forming business ideas in Hungary unlike the United States'*.

This would reinforce the impression that exposure to horizontal social capital networks by C in the USA may have engendered development of relatively egalitarian cognitive processes. This seems to have been subsequently influential upon business start-up decisions in Hungary in all three cases in that a common degree of utilisation of horizontally bridging based contacts were acquired abroad. However upon return, there may have been less actual contact with these external networks. Development of less hierarchy-oriented cognitive processes abroad may have led to a somewhat common bonding based social capital formation approach. This has been commonly influential upon the start-up decisions of all three entrepreneurs.

Overall, all three entrepreneurs acquired horizontal bridging based contacts while abroad which have been subsequently utilised in development of international contacts once they established their businesses in Hungary. A common aspect upon return is that they have combined horizontal bonding capabilities acquired from abroad with utilisation of vertical linking social capital in starting up their businesses. Linking social capital may thus compensate for the overall lack of local horizontal social capital in the CEE region. Therefore return migrant entrepreneurs may possess unique advantages over domestically based counterparts without previous international experience in that they are familiar with both local and international entrepreneurial social capital formation processes, leading to the following proposition:-

Proposition 2 (P2) – Social capital acquired abroad by return migrants positively influences start-up entrepreneurship processes in the CEE region.

3.2.3 Human capital re-configuration

Having all run various ventures prior to their current enterprises, all three case subjects may reasonably be described as *'serial entrepreneurs'*. Their firms have no HR departments and learning occurs relatively informally. However there is a degree of organised structure in that A and B both hold periodic staff meetings for knowledge sharing. C in particular has trained several co-workers in technical as well as *'softer'* skills in terms of how to view new IT developments in a business related context.

Entrepreneurial influence on organisational human capital re-configuration is exhibited in A's present organisation where *'slackness and tardiness is not tolerated unlike in other similar Hungarian based organisations'*. For example, e-mails require a quick response. This is also broadly recognisable in B's organisation where staff are implicitly expected to adhere to conventions such as punctuality. Furthermore B displays an aversion to a *'Hungarian revolving door mentality where actions seem to be dictated by a lack of trust and pride in work'*. The revolving door' syndrome would infer a tendency to avoid responsibility perhaps borne of a deficiency of managerially oriented organisational human capital. Thus regular semi-formal learning sessions may be tacitly aimed at dispelling this trait and represent human capital re-configuration as such.

All three entrepreneurs focus on recruitment of relatively young employees and they agree that in spite of a Hungarian reputation for producing highly technically skilled graduates, employment is not necessarily

conditional on possession of a higher qualification. A and C both partially recruit by word of mouth and in some cases university 'drop-out' students are employed in that they may find academia restrictive in terms of applying technical skills directly to business situations. However, local universities are seen by all three entrepreneurs as suitable recruitment sources but they tend to agree that students are generally not equipped with suitable 'soft skills' for a highly competitive IT-oriented working environment. A suggested in this regard that it is difficult to *'create managers from scientists because local universities are contra-selective and mediocre managers are produced from higher education'*. However he suggested a prime reason for possessing a Hungarian base is the local abundance of talented engineers.

This reinforces a sense that the CEE region is abundant in terms of technical skills and innovation, yet lacking in managerial skills (Jeong et al. 2008). C suggested this aspect is problematic for start-up firms which are somewhat technically 'top-heavy' in relation to marketing capabilities. However he does not regard Hungarians as conforming to a 'lazy' stereotype as perhaps portrayed in the 'revolving door' syndrome in that they have *'high endurance levels due to the effect of tough working circumstances before transition'*. This would reinforce a feeling of a tendency towards 'cynicism' which may engender survival instincts perhaps still present long after the change of economic system. B also agreed that cynicism engenders a degree of toughness which may be useful in globally competitive IT-related sectors. However it may expose a lack of awareness of globally accepted managerial norms.

Broadly, it would appear there is strong overall usage of informal HR practices which is not untypical of SMEs in general (Sels et al. 2006; Storey et al. 2010). However it appears that organisational human capital has been re-configured by the entrepreneurs on the basis of their individual human capital accumulation while abroad. Thus they may have a competitive advantage in international markets over founding entrepreneurs lacking such previous international experience.

With regard to organisational human capital, there is common agreement that current CEE educational approaches to managerial education still reflect existent pre-transition norms (McNulty and Katkov 1992). The entrepreneurs embody informal learning processes through utilisation of individual human capital from abroad to compensate for a previous lack of suitable managerial knowledge of their employees. This leads to the following proposition:-

Proposition 3 (P3) – International human capital transfer of return migrant entrepreneurs leads to re-configured organisational human capital.

3.2.4 SME internationalisation and social capital use

In relation to the born global context of their current enterprises, internationalisation is primarily considered in terms of how international business opportunities were identified by the entrepreneurs. A suggests this occurred through a chance encounter in the form of *'agreeing a major contract with a loose Italian based corporate client'*. This infers use of serendipity, or chance encounters, in terms of international SME opportunity identification (Chandra et al. 2009; Evers and O'Gorman 2011). Entrepreneur A also suggested that serendipity was prominent in the first two years whereas now a more structured approach is applied. Furthermore, the enterprises currently run by both A and C appear to conform to global start-up status outlined by Baum et al. (2011) in that development of an initial domestic market presence was not considered.

Internationalisation appears to have taken place in one major step for B, whereby a contract was agreed with one corporate client to serve several neighbouring CEE transitional countries. B suggested internationalisation took place on a relatively structured basis and it is notable that this move focused on neighbouring countries. Moreover, prior to launching his current enterprise, B was largely focused on the domestic Hungarian market unlike A and C after return from abroad. This would suggest perhaps a relatively longer pre-internationalisation incubation period took place in B's case which could be due to his success in founding and running a local business and thereby mitigating against a need to internationalise.

Both A and C maintain that networking at trade events abroad is a prime means of forming contacts, inferring bridging social capital utilisation. C suggests this is effective for developing business but it might not be entirely based on serendipity in that he is selective as to which events to attend. B also cited a *'recommendation based approach for accessing contacts'* which would infer a strong extent of bonding social capital utilisation. He deploys formality when meeting potential clients and also suggests that Hungarian entrepreneurs would benefit by relinquishing the 'revolving door' attitude when abroad, whereby he perceives focus on attaining an agreement relatively quickly without necessarily discussing marketing details in depth.

Entrepreneur C appears to corroborate this in that he believes attendance at trade events in the US has led to further useful contacts through recommendations as *'this is a feature of 'openness' of American business culture*

unlike in the CEE region’ where he suggests IT-based SMEs tend to focus internationalisation efforts. Entrepreneur A focuses on countries with relatively homogenous market characteristics where he attempts to identify potential partners through trade events. For example, he travelled alone to a trade event in Poland from which business developed, again exhibiting bridging social capital utilisation.

While all three enterprises display evidence of ‘born global’ status, the extent to which previous international experience may influence the internationalisation decision seems to be somewhat divergent. Eight years elapsed before B launched his first internationally oriented business. In both other cases, pre-internationalisation incubation periods seem to have been somewhat shorter after return from abroad. Nevertheless, the inception period between business launch of current enterprises and internationalisation seems to have been relatively short in all cases. This would accord with the view of Wright et al. (2007) that this feature tends to apply to IT-focused born global SMEs. Furthermore they all maintain the intention to internationalise was due to the relatively small size of the domestic Hungarian market in relation to the global marketing ambit of their IT oriented products.

In all cases international business tends to be conducted in Europe and North America, which suggests a strong extent of comfort with Western business practices. This may be contrasted to the ‘revolving door’ trait in the CEE region which B believes may come across as aggressive to potential foreign partners. A tends to reinforce this by suggesting that *‘Hungarians need to check in their egos at the airport when they leave the country’*. He believes there is a Hungarian tendency to see technical prowess as sufficiently convincing for potential partners in other countries. This is broadly reinforced by C who suggests that the *‘balance between technical and managerial skills is insufficiently developed’* for successful penetration of international markets by local IT-based SMEs.

In overall terms, a partial structured approach to international opportunity identification is evident to accord with the view of Chandra et al. (2009) view that entrepreneurs with greater international knowledge tend to be more systematic in terms of approach than those with little experience who tend to grasp opportunities with limited prior information. Thus it can be asserted that previous residence abroad has been beneficial to the entrepreneurs studied in this paper but this would require further empirical research in terms of comparison with those without such experience.

In all cases it would seem that crucial international breakthrough points were achieved by utilisation of bonding social capital ties although a degree of serendipity is evident in the form of relatively weaker bridging based ties which are continuously developed. This leads to evaluation of the following proposition:-

Proposition 4 (P4) – Internationally oriented horizontal social capital positively influences the identification and pursuit of international market opportunities for CEE based entrepreneurs.

3.3 Summary of cross-case analysis

The following table represents an evaluation of prime similarities and differences between the cases on the basis of the preceding analysis. Columns relate to coded categories identified in the preceding analysis. Themes are furthermore organised into pre-entrepreneurial and entrepreneurial temporal phases to reflect the aim of the study.

Table 1 Similarities and differences between cases

Themes				
Pre-entrepreneurial Migrant Phase		Return Migrant Entrepreneurial Phase		
Human Capital acquired abroad (1)	Social Capital developed abroad (2)	Re-configuration of organisational human capital (3)	SME internationalisation practices (4)	
Similarities	Similarities	Similarities	Similarities	
<ul style="list-style-type: none"> - Affinity for international cultural settings developed - Western (general) university education - Business related subjects studied - Exposure to market oriented business culture enhanced entrepreneurial development 	<ul style="list-style-type: none"> - Horizontal bridging and bonding social capital developed - Experience of generalist educational approach led to preference for use of bonding networks for learning processes - Substantial bridging based contacts (acquaintances) developed in former host countries - Horizontally based social capital acquired abroad utilised in start-up decision 	<ul style="list-style-type: none"> - No HR department and formal HR policies - Learning occurs on a relatively informal basis and less hierarchy-oriented as in the CEE region - Scepticism towards formal recruitment processes from university; do not regard formal education as crucial. - Elements of 'top-down' driven learning based on linking capital which is generally applicable to IT-based start-up firms 	<ul style="list-style-type: none"> - 'Born global' status evident in all cases - Staff trained to obtain a more global outlook - Implemented a partial structured approach to opportunity identification - Extensive international acquaintance networks developed 	
Differences	Differences	Differences	Differences	
<p>Entrepreneur A</p> <ul style="list-style-type: none"> - Has extensive international bridging based contacts - Foreign work experience acquired - Internalisation of the norm of 'questioning accepted ideas' - Sense of cynicism developed to deal with uncertainty 	<ul style="list-style-type: none"> - Strong exposure to hierarchy and rationalism in French management practices - French experience led to relevance for developing linking social capital in entrepreneurship 	<ul style="list-style-type: none"> - Certain degree of top-down driven working culture - Zero tolerance of tardiness - Certain degree of organised structure with periodic staff meetings for knowledge sharing 	<ul style="list-style-type: none"> - Initial chance encounter based on bridging social capital - Subsequently, more structured approach to international business development - Networking at conferences and trade events abroad is a prime means of forming contacts through use of bridging social capital 	
<p>Entrepreneur B</p> <ul style="list-style-type: none"> - Acquisition of western oriented work ethics - Strong development of English language skills - Developed a strong affinity with North American business values 	<ul style="list-style-type: none"> - Bridging social capital developed with Canadian-based contacts - Learned necessity of bonding capital usage in entrepreneurship in line with pragmatic nature of Western oriented business culture - A mixed degree of both bonding and bridging based social capital developed - Start-up decision for first enterprise based on bonding social capital utilised upon return to Hungary 	<ul style="list-style-type: none"> - Certain degree of organised structure with periodic staff meetings for knowledge sharing. - Implicit working rules have been developed (e.g. punctuality, quick e-mail response) - Aversion to a 'revolving door mentality where actions are dictated by a lack of trust and pride in work' 	<ul style="list-style-type: none"> - Focus on one corporate client to serve several neighbouring markets - Strong degree of bonding social capital utilisation - Focus on European markets with low psychic distance - Use of recommendation based approach at trade fairs, inferring bonding social capital - Not intent on foreign presence upon foundation of first enterprise. 	
<p>Entrepreneur C</p> <ul style="list-style-type: none"> - Developed strong sense of pragmatism - Acquired new IT skills related to development of the internet - Foreign work experience acquired - Developed entrepreneurial outlook 	<ul style="list-style-type: none"> - Strong exposure to horizontal networks - Extensive bridging based network developed in the USA. - Start-up decision for first enterprise due to a relatively high degree of bonding social capital acquired through extensive periods spent in the USA 	<ul style="list-style-type: none"> - Fosters 'soft skill' development and learning driven by an approach as a visionary - Aversion to practice of secrecy when forming business ideas - Priority to development of egalitarian cognitive processes 	<ul style="list-style-type: none"> - Clients established through bonding-based 'chance' encounters - Networking at conferences and trade events: use of bridging social capital - Focus on US market - Use of recommendations at networking events which signals openness in US culture and entails a certain bonding feature - Global presence established though one major partner and thus based on bonding social capital 	

Based on the empirical evidence presented above, the research questions are addressed as follows:-

Research question 1 – To what extent might acquisition of social capital abroad by individual return migrants influence entrepreneurship in the CEE region?

Evidence suggests that all three entrepreneurs were exposed to horizontal social capital formation abroad to strongly influence the start-up process in the CEE region as indicated in proposition 2. The three cases do not however reveal any clear patterns regarding combination of bonding and bridging social capital. For example, C started his business in Hungary on the basis of strong existing client relationships whereas B used a mixture of bonding and bridging social capital to start his business. It thus appears that a combination of vertical and horizontal social capital formation has been attained, perhaps with a relatively greater extent of horizontal social capital which has positively effected their respective enterprises. However, only entrepreneur A exhibits signs of inculcation of vertical social capital from experience abroad. The other entrepreneurs possess innate vertical social capital primarily because of their Hungarian roots.

In relation to proposition 4, all three entrepreneurs have developed internationalised SMEs, to infer previous international experience is related to successful internationalisation. All three of their current enterprises assume born global status to strongly suggest previous international experience of entrepreneurs is a prime driver for such status as postulated by Schulz et al. (2009). Evidence also suggests horizontal social capital acquired abroad by return migrant entrepreneurs positively influences the identification of international market opportunities. A prominent social capital utilisation mode was identified in initial serendipitous chance encounters based on a partial structured approach to opportunity identification. The actual form of social capital utilisation may invariably depend on individual cognitive processes. Nevertheless all three entrepreneurs have trained their staff to obtain a more global outlook to enter international markets with greater confidence.

Research question 2 – To what extent might transfer of human capital from abroad by individual return migrants influence entrepreneurship in the CEE region?

On the basis of evidence outlined in Table 1, all three entrepreneurs became acquainted with international business orientation typical of Western Europe and North America. They thus acquired ‘softer’ communication skills and general business skills, not so readily available in Hungary and the wider CEE region. The case analysis suggests that all the entrepreneurs were primarily exposed to pragmatic and result-oriented learning practices abroad. This accords with the pattern of individual human capital accumulation abroad encapsulated in proposition 1.

Furthermore, organisational human capital in their current enterprises in Hungary has been reconfigured as embodied in proposition 3. This is supported by case evidence in that all three entrepreneurs have implemented semi-formal learning processes such as periodic staff meetings in their organisations. The entrepreneurs also tend to avoid formal recruitment processes and emphasise the development of ‘softer’ skills. This aspect represents the essence of organisational human capital re-configuration in that soft skill deficiencies are addressed in terms of pursuing international market opportunities. In managerial terms, they all tend to be directive but their re-figurative approaches differ in that both B and C tend to lead by example whereas A is somewhat more directive.

While this may again be also partly due to individual personality differences, in overall terms organisational human capital re-configuration as outlined in this study has focused on development of globally compatible market oriented skills of employees. This would further corroborate a picture of deficiency of such skills in the CEE region, thus potentially leading to a basis for extensive quantitative research and further policy development as outlined forthwith.

4 Conclusion

This study aimed to analyse the effect of pre-entrepreneurial experience on return migrant entrepreneurship in the CEE region by drawing upon the concepts of social capital and human capital. From addressing the research questions, it appears that previously acquired skills and international experience and social capital positively influence the way human capital is re-configured in CEE based SMEs and how it induces internationalisation. The case entrepreneurs have an advantage in terms of possession of globally compatible skills and knowledge in comparison with local compatriots without their form of international experience. Case evidence suggests all three entrepreneurs were exposed to horizontal social capital abroad and thus developed relatively egalitarian learning processes in their organisations to more confidently enter international markets.

This study may also be used to advance knowledge in the field of return migration and entrepreneurship in that so far relatively little empirical work has been done to link both concepts. This is perhaps the first such attempt to approach this issue in a CEE transitional context. Evidence presented here also suggests policy directed at SME entrepreneurs may focus on those of return migrant status in that they are perhaps more likely to have absorbed externally acquired human and social capital to a greater degree than locally based entrepreneurs as well as being innately acquainted with their own cultural norms. Focus on the return migrant entrepreneur segment may serve as a template for wider entrepreneurial policy in the context of enhancing development of a more relatively internationally competitive business environment in the CEE region.

Given the European Union is interested in enhancing SME internationalisation to foster greater overall competitiveness (European Commission 2013), policy focus on return migrant entrepreneurs in innovative sectors may serve to be of benefit in this regard. A picture of a lack of appropriateness of managerial education in the CEE region in relation to modern economic realities is supported in this study. This would infer a need for more 'experience-based' learning processes with greater emphasis on acquisition of external 'soft' skills and knowledge in innovative sectors. Given increasingly general adaption of IT-based technology to drive production processes in SMEs, (Bell and Loane 2010; Filippini et al. 2012) policy focus on return migrant entrepreneurs may serve as model for wider application to the European SME sector as a whole.

Neck and Greene (2011) use a US-based positional paper to argue that teaching of entrepreneurship might be approached on a more relatively method oriented basis rather than a process oriented basis. This infers advocating a greater focus on practice-focused learning methods which might be enhanced by utilisation of social capital in international settings to develop a more global entrepreneurial outlook. Duval-Couetil (2013) further suggests that entrepreneurial education at university level would need to focus more on learning outcomes which infers greater use of practice focused methods. In the context of this study that may conceivably encompass work practice experience abroad. The European Union already runs the Erasmus student exchange programme between higher education institutions in member countries (European Commission 2014). This may serve as a useful template for development of international entrepreneurial exchange programmes within the union.

With regard to limitations, this study was applied to a relatively small number of entrepreneurs and would have arguably been enhanced with a greater sample size. However limited time and resources of researchers tended to mitigate against this. Difficulty was also experienced in that insufficient publicly available data exists in relation to whether entrepreneurs may have previously worked or studied abroad. Thus interviewee identification was to a large extent determined through networks of informal contacts.

Gender is of further issue in that all the respondents were male and potentially suitable respondents who did not meet the criteria of previous extensive work or study periods abroad were discounted. The issue of definition of previous international experience has been discussed but future research would need to account for it by perhaps selecting respondents on the basis of other forms of international experience. Future research may account for this aspect by perhaps comparing different forms of international entrepreneurial experience in other CEE countries in terms of predicting SME internationalisation, ranging from extensive previous residence abroad, to occasional contact through attendance at trade events, through to little or no international contact.

In contextual terms, this study is further limited due it being conducted in a single country with its own specific cultural and economic features. Although Hungary is reasonably categorised as a transition country, there are marked differences in national business environments within the CEE region. Thus general applicability of findings is limited due to the local environmental context and this factor would need to be considered by future research taking place on a comparative basis between CEE countries. Furthermore, research in a CEE context may not easily be generalised in other socio-economic contexts elsewhere in Europe and beyond due to diverse socio-economic environmental aspects.

However an element of generalisability may be discerned in that this research took place in a relatively small sized 'emerging market' country. Thus similarities may be drawn with other such countries within and outside Europe characterised by transitional status. Arguably this is not a feature specific to transition countries in Eastern Europe and the former Soviet Union, but it may apply to countries in Asia, Africa and Latin America which have increasingly relinquished many aspects of state-driven economic planning (Ming-Jer and Miller 2010). The concept of 'brain gain' outlined by Dustmann et al. (2011) is pertinent in this regard in that future research into return migrant entrepreneurship may perhaps encompass human capital re-configuration in relation to highly competitive and innovative economic sectors. Moreover, the extent to which social capital formation may influence human capital re-configuration in SMEs remains relatively under-researched.

Ultimately, extensive absorption of horizontally oriented international social capital formation capabilities by entrepreneurs may positively effect re-configuration of local human capital in the CEE region. Thus further quantitative-based empirical research on a multi-country basis is necessary in order to further explore the validity of the outcomes as a basis for further SME internationalisation policy development focused on the CEE region.

References

- Aldrich H, Martinez M (2001) Many are called, but few are chosen: an evolutionary perspective for the study of entrepreneurship. *Entrepreneurship Theory and Practice* 25(4):41–55
- Andrews R (2010) Organizational social capital, structure and performance. *Human Relations*, 63(5):583–608
- Barney J (1991) Firm resources and sustained competitive advantage. *Journal of Management* 17(1):99–120
- Baum M, Schwens C, Kabst R (2011) A Typology of International New Ventures: Empirical Evidence from High-Technology Industries. *Journal of Small Business Management* 49(3):305–330
- Bell J, Loane S (2010) New-wave' global firms: Web 2.0 and SME internationalisation. *Journal of Marketing Management* 26(3/4):213–229
- Camisón C, Villar-López A (2010) Effect of SMEs' International Experience on Foreign Intensity and Economic Performance: The Mediating Role of Internationally Exploitable Assets and Competitive Strategy. *Journal of Small Business Management* 48(2):116–151
- Cesinger B, Fink M, Madsen T-K, Kraus S (2012) Rapidly Internationalizing Ventures: How Definitions can Bridge the Gap across Contexts. *Management Decision* 50(10):1816–1842
- ChandraY, Styles C, Wilkinson I (2009) The recognition of first time international entrepreneurial opportunities: Evidence from firms in knowledge-based industries. *International Marketing Review* 26(1):30–61
- Chetty S, Agndal H (2007) Social Capital and Its Influence on Changes in Internationalization Mode Among Small and Medium-Sized Enterprises. *Journal of International Marketing* 15(1):1–29
- Ciszewska-Mlinarič M, Mlinarič F (2010) Small Firms in a Small Country: Managerial Factors, Internationalization and Performance of Slovenian SMEs. *Managing Global Transitions* 8(3):239–259
- Csedő, K (2008) Negotiating Skills in the Global City: Hungarian and Romanian Professionals and Graduates in London. *Journal of Ethnic & Migration Studies* 34(5):803–823
- De Carolis D, Saporito P (2006) Social capital, cognition, and entrepreneurial opportunities: A theoretical framework. *Entrepreneurship Theory and Practice* 30(1):41–56
- Dustmann C, Weiss Y (2007) Return Migration: Theory and Empirical Evidence from the UK. *British Journal of Industrial Relations* 45(2):236–256
- Dustmann C, Fadlon I, Weiss Y (2011) Return migration, human capital accumulation and the brain drain. *Journal of Development Economics* 95(1):58–67
- Duval-Couetil N (2013) Assessing the Impact of Entrepreneurship Education Programs: Challenges and Approaches. *Journal of Small Business Management* 51(3):394–409
- Eisenhardt KM (1989) Building Theories from Case Study Research. *Academy of Management Review* 14(4):532–550
- European Commission (2013) Annual report on European SMEs 2012/2013. European Commission, Brussels. http://ec.europa.eu/enterprise/policies/sme/facts-figures-analysis/performance-review/files/supporting-documents/2013/annual-report-smes-2013_en.pdf. Accessed 12th September 2013
- European Commission (2014) Erasmus and Programme Guide. European Commission, Brussels. http://ec.europa.eu/programmes/erasmus-plus/documents/erasmus-plus-programme-guide_en.pdf. Accessed 5th February 2014
- Evers N (2011) Why Do New Ventures Internationalise? A Review of the Literature of Factors that Influence New Venture Internationalisation. *Irish Journal of Management* 30(2):17–46
- Evers N, O'Gorman C (2011) Improvised internationalization in new ventures: The role of prior knowledge and networks. *Entrepreneurship & Regional Development* 23(7/8):549–574

- Felker JA (2011) Professional development through self-directed expatriation: intentions and outcomes for young, educated Eastern Europeans. *International Journal of Training & Development* 5(1):76–86
- Filippini R, Güttel WH, Nosella A (2012) Dynamic capabilities and the evolution of knowledge management projects in SMEs. *International Journal of Technology Management* 60(3/4):202–220
- Földvári P, van Leeuwen B (2005) An Estimation of the Human Capital Stock in Eastern and Central Europe. *Eastern European Economics* 43(6):53–65
- Gittins T, Fink M (2015) Return migration, informal learning, human capital development and SME internationalization in the CEE region: A systematic literature review. *Journal of Eastern European Management Studies* (accepted).
- Glaser B, Strauss A (1967) *The discovery of grounded theory: Strategies of qualitative research*. Wiedenfeld and Nicholson, London.
- Hárs Á (2013) Magyarok – külföldön. Gondolatok a magyarok külföldi munkavállalásról. (Hungarians – abroad. Notes on Workforce Emigration.) *Magyar Tudomány* 174(3):286–291
- Harms R, Kraus S, Schwarz E (2009) The suitability of the configuration approach in entrepreneurship research. *Entrepreneurship & Regional Development* 21(1):25–49
- Jenssen J, Koenig H (2002) The effects of social networks on resource access and business start-ups. *European Planning Studies*, 10(8):1039–1046
- Jeong B, Kejak M, Vinogradov V (2008) Changing composition of human capital The Czech Republic, Hungary and Poland. *Economics of Transition* 16(2):247–271
- Johanson J, Vahlne J-E (1977) The internationalization process of the firm: A model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies* 8(1):23–32
- Knight G, Cavusgil S (1996) The born global firm: A challenge to traditional internationalisation theory. *Advances in International Marketing* 8:11–26
- Kreiser PM, Patel PC, Fiet JO (2013) The influence of changes in social capital on firm founding activities *Entrepreneurship Theory and Practice* 37(3):539–567
- Laki M (2011) A termék- és szolgáltatási piacok átalakulása 1989 után (The transformation of product and service markets after 1989). MTA Közgazdaságtudományi Intézet (Hungarian Academy of Science Institute of Economics) 15:38–114
- Lang R, Novy A (2014) Cooperative Housing and Social Cohesion: The Role of Linking Social Capital. *European Planning Studies* 22(8):1744–1764
- Lasagni A (2012) How Can External Relationships Enhance Innovation in SMEs? New Evidence for Europe. *Journal of Small Business Management* 50(2):310–339
- Lowik S, van Rossum D, Kraaijenbrink J, Groen A (2012) Strong ties as sources of new knowledge: how small firms innovate through bridging capabilities. *Journal of Small Business Management* 50(2):239–256
- Major I (2008) Technical Efficiency, Allocative Efficiency and Profitability in Hungarian Small and Medium-Sized Enterprises: A Model with Frontier Functions. *Europe-Asia Studies* 60(8):1371–1396
- Manolova TS, Eunni RV, Gyoshev BS (2008) Institutional environments for entrepreneurship: evidence from emerging economies in Eastern Europe. *Entrepreneurship: Theory & Practice* 32(1):203–218
- Martinez M, Aldrich H (2011) Networking strategies for entrepreneurs: balancing cohesion and diversity. *International Journal of Entrepreneurial Behaviour & Research*, 17(1):7–36
- McCormick C (2004) Storying stories: a narrative approach to in-depth interview conversations. *International Journal of Social Research Methodology* 7(3):219–236

- McMullen JS, Dimov D (2013) Time and the Entrepreneurial Journey: The Problems and Promise of Studying Entrepreneurship as a Process. *Journal of Management Studies* 50(8):1481–1512
- McNulty NG, Katkov A (1992) Management education in Eastern Europe: 'fore and after. *Academy of Management Executive* 6(4):78–87
- Ming-Jer C, Miller D (2010) West Meets East: Toward an Ambicultural Approach to Management. *Academy of Management Perspectives* 24(4):17–24
- Nahapiet J, Ghoshal S (1998) Social capital, intellectual capital, and the organizational advantage. *Academy of Management Review* 23 (2):242–266
- Neck HM, Greene PG (2011) Entrepreneurship Education: Known Worlds and New Frontiers. *Journal of Small Business Management* 49(1):55–70
- Oviatt BM, McDougall PP (1994) Toward a theory of international new ventures. *Journal of International Business Studies* 25(1):45–64
- Paldam M, Svendsen GT (2001) Missing Social Capital and the Transition in Eastern Europe. *Journal for Institutional Innovation, Development & Transition* 5:21–34
- Paucar-Caceres A (2009) Pragmatism and rationalism in the development of management science methodologies in the UK and France. *Systems Research & Behavioral Science* 26(4):429–444
- Prashantham S, Dhanaraj C (2010) The Dynamic Influence of Social Capital on the International Growth of New Ventures. *Journal of Management Studies* 47(6):967–994
- Reuber AR, Fischer E (2011) International entrepreneurship in internet-enabled markets. *Journal of Business Venturing* 26(6):660–679
- Roberts K, Povall S, Tholen J (2005) Farewell to the intelligentsia: political transformation and changing forms of leisure consumption in the former communist countries of Eastern Europe. *Leisure Studies* 24(2):115–135
- Ruzzier M, Antoncic B, Hisrich R, Konecnik M (2007) Human Capital and SME Internationalization: A Structural Equation Modeling Study. *Canadian Journal of Administrative Sciences* 24(1):15–29
- Sass M (2012) Internationalisation of innovative SMEs in the Hungarian medical precision instruments industry. *Post-Communist Economies* 24(3):365–382
- Sels L, De Winne S, Maes J, Delmotte J, Faems D, Forrier A (2006) Unravelling the HRM-Performance Link: Value-Creating and Cost-Increasing Effects of Small Business HRM. *Journal of Management Studies* 43(2):319–342
- Shane S, Venkataraman S (2000) The Promise of Entrepreneurship as a Field of Research. *Academy of Management Review* 26(1):13–17
- Slotte-Kock S, Coviello NE (2009) Entrepreneurship research on network processes: a review and ways forward. *Entrepreneurship Theory and Practice* 31(1):31–57
- Storey D, Saridakis G, Sen-Gupta S, Edwards P, Blackburn R (2010) Linking HR formality with employee job quality: The role of firm and workplace size. *Human Resource Management* 49(2):305–329
- Svetličič M, Jacklič A, Burger A (2007) Internationalization of Small and Medium-Size Enterprises from Selected Central European Economies. *Eastern European Economics* 45(4):36–65
- Szerb L, Márkus G (2008) Nemzetköziesedési tendenciák a kis- és közepes méretű vállalatok körében Magyarországon a 2000-es évek közepén (Internationalisation tendencies of SMEs in Hungary from 2000-2010) *Vállalkozás és Innováció (Entrepreneurship and Innovation)* 2(2):36–58
- Ucbasaran D, Westhead P, Wright M (2008) Opportunity Identification and Pursuit: Does an Entrepreneur's Human Capital Matter? *Small Business Economics* 30(2):153–173

- Vasilchenko E, Morrish S (2011) The Role of Entrepreneurial Networks in the Exploration and Exploitation of Internationalization Opportunities by Information and Communication Technology Firms. *Journal of International Marketing* 19(4):88–10
- Wahba J, Zenou Y (2012) Out of sight, out of mind: Migration, entrepreneurship and social capital. *Regional Science & Urban Economics* 42(5):890–903
- Welter F, Smallbone D (2011) Institutional Perspectives on Entrepreneurial Behavior in Challenging Environments. *Journal of Small Business Management* 49(1):107–125
- White A, Ryan L (2009) Polish 'Temporary' Migration: The Formation and Significance of Social Networks. *Europe-Asia Studies* 60(9):1467–1502
- Wright M, Westhead P, Ucbasaran D (2007) Internationalization of Small and Medium-sized Enterprises (SMEs) and International Entrepreneurship: A Critique and Policy Implications. *Regional Studies* 41(7):1013–1030
- Yin RK (2009) *Case Study Research: Design and Methods*. 4th edition. Sage, Thousand Oaks, CA.